

urrent Intelligence Country/Handbook Approved For Release 2002/01/30 : CIA-RDP79T00826A003200110001-8
Guatemala Aug 1966

August 1966

OCI No. 1889/66

Copy No 412

Current Intelligence Country Handbook

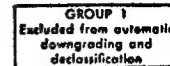
GUATEMALA



This revision supersedes the handbook dated September 1965,
copies of which should be destroyed.

DIRECTORATE OF INTELLIGENCE

SECRET/NO FOREIGN DISSEM



Current Intelligence Country Handbooks are designed to give the reader ready access to the salient facts about a country and its main current problems. They are not intended to provide comprehensive basic intelligence on a country or to speak with the authority of coordinated national intelligence. The information presented is the best available to the Office of Current Intelligence as of the date at the top of the page.

This material contains information affecting the national defense of the United States within the meaning of the Espionage Laws, Title 18, USC, Secs. 793 and 794, the transmission or revelation of which in any manner to an unauthorized person is prohibited by law.

GUATEMALA

1. Political

Return to a constitutionally elected government was achieved on 1 July 1966 with the inauguration of Julio Cesar Mendez Montenegro as president. As promised by the outgoing Peralta regime, national elections were held on 6 March; people were apathetic and the nation was calm during the election. During the contest, Mendez, the candidate and the leader of the moderate leftist Revolutionary Party (PR), polled 201,077 votes against 146,085 for Juan de Dios Aguilar de Leon, the candidate of the military government-backed Institutional Democratic Party (PID). The National Liberation Movement's (MLN) Miguel Angel Ponciano Samayoa polled 110,145 votes.

Even though Mendez did not receive a strong popular mandate, his party was able to win 30 seats in the Congress to 20 for the PID and 5 for the MLN. Mendez has the initial advantage of having assumed power with few political enemies. However, his inexperience will add to his difficulties as he tries to cope with Guatemala's plethora of problems. The PR majority in Congress is not entirely united, thus Mendez will need to make effective use of patronage and pressure. As he attempts to govern and reform Guatemala, the military and other conservative forces in Guatemala will be watching Mendez carefully for an excuse to oust him from office. Military plotting, endemic in Guatemala, is expected to continue throughout Mendez's term and may well shorten it.

2. Economic

The Guatemalan economy is slowing down from the rapid rates of growth registered during 1963-65. GNP during 1966 has been expanding at an estimated annual rate of 5 percent as compared with the 1963-65 average annual rate of more than 8 percent. Factors restraining the economy are reduced rates of private and public investment, slower expansion of exports, and increasingly tight credit as monetary authorities attempt to correct a growing trade deficit and strengthen the country's foreign exchange reserves.

The decline in private investment has resulted from a downturn in businessmen's confidence in the economy's prospects. World market prices for coffee and cotton, Guatemala's principal exports, have been weakening since early 1965 because of over-supply. The prospect

SECRET/NO FOREIGN DISSEM

1

SECRET/NO FOREIGN DISSEM

August 1966

of lower growth rates in export earnings together with the tightening credit situation and continuing doubts about political stability have led many entrepreneurs to cut back outlays in new or expanded productive facilities.

Government investments remain low—since the late 1950s it has rarely exceeded 3 percent of GNP—and is unlikely to expand significantly. Despite plans to expand capital spending on economic and social improvements, the Guatemalan Government has neither the domestic funds nor the administrative ability to qualify for substantially higher levels of external economic assistance than it is now receiving. The tax system is inefficient and highly regressive—direct taxes yield less than one sixth of total revenues—and to increase its domestic investment resources the government would have to institute fiscal reforms that would probably generate overwhelming political opposition from powerful economic interests.

Basic to the economy's lack of dynamism are the deep-rooted conditions of inadequate skilled labor, extensive under-employment, illiteracy, and social and economic immobility. With half the population—the Indians—living outside the money economy in subsistence agriculture, and the bulk of the other half in only slightly better conditions as rural peasants or urban poor, there is little impetus from within the economy to stimulate rapid and sustained growth.

3. International Relations

Guatemala's foreign policy reflects its traditional close relationships with neighboring Central American republics, economic ties with the United States, and anti-Communist attitude. Its claim to British Honduras (Belize) has been a perennial foreign policy problem. Talks between Guatemala, Britain and British Honduras are being carried on at present under the auspices of a United States mediator and a solution may be in sight. The UK and Guatemala have agreed to renew diplomatic relations—which were broken in 1963 over the Belize issue—but a date for resumption has not yet been set.

It is expected that the new government will collaborate even more closely with the United States than its predecessor. Guatemala has been friendly toward and cooperative with the United States in both the OAS and the UN. Guatemala's consistent support of the West on international issues is expected to continue.

Guatemala has been a leader of the movement toward Central American integration and is the first Central American country to have ratified all agreements on economic integration.

SECRET/NO FOREIGN DISSEM

August 1966

SECRET/NO FOREIGN DISSEM

4. Subversion

At present Guatemala is faced with subversion from the right as well as the left. Recently at least two rightist action groups have been formed, at least one of them by the right-wing National Liberation Movement (MLN). The main subversive thrust which the country faces, however, comes from the Communist Guatemala Labor Party (PGT) and its action arm the Rebel Armed Forces (FAR). Believed to be the best organized and most flexible group, the FAR has been carrying out guerrilla activity in the countryside and urban terrorism in Guatemala City. Another group, the 13 November Revolutionary Movement (MR13N), continues active but the extent of its involvement is unknown. Cuban support for the revolutionary movement has been transferred from the MR13N to the FAR. During the Tri-Continent Conference in Havana in January 1966, Fidel Castro singled out FAR leader Luis Turcios Lima as the leader of the true revolutionary movement in Guatemala. In addition Guatemala is one of the three Latin American countries upon which Havana is focusing its subversive effort and ranks among the top three in the number of guerrilla agents who have received training in Cuba. Guatemala was one of the seven countries listed as priority subversion targets in the communique of the November 1964 meeting of Latin American Communist Parties.

The illegal PGT has about 1,200 members and an estimated 3-4,000 sympathizers. Although the party is subject to continual damage by effective government raids, it maintains itself through its well trained leadership and hard core of disciplined members who have been able to reorganize and resume activities. It is possible that under the Mendez government the party will be able to increase its numbers. Since non-Communist leftist dissidents believe that the Mendez government will not be any different from its predecessor, they may move into the Communist orbit in an effort to change the situation.

The security forces, which total over 4,000 men, are capable of containing limited threats to public order but would be incapable of maintaining order against sustained large-scale guerrilla action. Since the beginning of 1966 they have rounded up a substantial number of Communists and have been more successful in their anti-subversive efforts. Assistance from the US AID public safety mission has somewhat improved the capability and efficiency of the security forces. The sporadic hit-and-run tactics of guerrillas and urban terrorists, however, present a continuing security problem. The effectiveness of civil police forces is hampered by the low caliber and morale of personnel and by poor training.

SECRET/NO FOREIGN DISSEM

Guatemala - 3

SECRET/NO FOREIGN DISSEM

August 1966

Chronology of Key Events

- 1945 (March 15) Juan Jose Arevalo inaugurated as Guatemala's first freely elected president.
- 1949 (18 July) Assassination of Col. Arana, chief of armed forces, provokes unsuccessful rebellion of his army supporters.
- 1950 (12 November) Col. Jacobo Arbenz, elected president; inaugurated 15 March 1951, resigned 27 June 1954.
- 1951 (October) Unified, Communist dominated General Confederation of Guatemalan Workers is organized.
- 1952 (June) Agrarian Reform Law enacted with strong Communist backing.
(December) At second congress, Communist Party changes name to Guatemalan Labor Party (PGT) and is officially registered as a legal party.
- 1953 (February-August) Guatemala expropriates large areas of United Fruit Co. plantations.
- 1954 (15 May) 2,000 tons of weapons arrive in Guatemala from Soviet bloc.
(18 June) Anti-Communist "Liberation Army" of about 200 men led by Col. Carlos Castillo Armas, invades Guatemala; Arbenz ousted; PGT and Communist fronts outlawed.
(6 November) Castillo inaugurated for a term to last until March 1960.
- 1956 (1 March) Constitutional government is restored with installation of congress and promulgation of new constitution.
- 1957 (26 July) President Castillo Armas assassinated; Luis Arturo Gonzalez succeeds to presidency.
(26 October) Mob action forces Gonzalez to resign; Military junta takes over; mobs force junta out; Congress names second presidential designate, Guillermo Flores Avendano as interim president and annuls October elections.
- 1958 (19 January) Miguel Ydigoras Fuentes wins plurality in national elections; inaugurated on 2 March 1958.
- 1959 (December) Guatemala accuses Cuba before OAS of helping Communist prepare an invasion of Guatemala.
- 1960 (April) Guatemala severs diplomatic relations with Cuba.
- 1963 (25 March) Government declares state of siege following a wave of terrorism; the return of Juan Jose Arevalo precipitates a military coup on 30 March; Col. Enrique Peralta heads provisional military government.
(May-June) Guerrilla and terrorist activity breaks out against regime.

4 - Guatemala

SECRET/NO FOREIGN DISSEM

August 1966

SECRET/NO FOREIGN DISSEM

- 1963 (24 July) Peralta government breaks relations with the UK over the Belize issue.
- 1964 (30 March) State of siege lifted and constituent assembly elections are convoked for May.
(24 May) Constituent Assemblymen elected and charged with writing a new constitution and complementary laws.
(8-10 December) Government captures a number of terrorists and their equipment and propaganda; urban terrorism continues.
- 1965 (30-31 January) Members of the rightist National Reformist Movement (MRN) arrested for alleged plotting against the government.
(24 February) State of siege reimposed following urban terrorist attacks. Numerous leftists exiled.
(1-3 March) Victor Manuel Gutierrez and approximately 27 other Communists arrested by security forces. Gutierrez and approximately half of the remainder have been killed. Nothing known of the others.
- 1966 (6 March) National elections take place; electorate apathetic; calm reigns throughout the nation.
(1 July) Julio Cesar Mendez Montenegro and Clemente Marroquin Rojas inaugurated as president and vice-president, respectively.

Holidays and Significant Dates*

- 1 January — New Year's Day
- Mar-Jun — Movable religious observances:
Thursday, Friday and Saturday of Holy Week
- 1 May — Labor Day
- 30 June — Army Day
- 15 September — Independence Day
- 12 October — Discovery of America
- 1 November — All Saint's Day
- 24 December — Christmas Eve (half day)
- 25 December — Christmas

Selected Factual Data

LAND (U)

42,000 sq. mi.; 10% cultivated, 7% fallow, 5% meadows, 16% waste, urban, or other, 62% forested (1950)

* Does not include numerous religious holidays which, although not official, are observed by the majority of the population.

SECRET/NO FOREIGN DISSEM

Guatemala — 5

SECRET/NO FOREIGN DISSEM

August 1966

PEOPLE (U)

Population: 4.5 million; males 15-49, 1,002,000; 510,000 fit for military service; about 40,000 reach military age (18) annually
Ethnic Divisions: 54% Indian, 46% Ladino (non-Indian)
Religion: predominantly Roman Catholic
Language: Spanish, but over 40% of the population speaks an Indian language as a primary tongue
Literacy: about 20%
Labor force: 1.5 million (1965); 68% agriculture, 12% manufacturing, 18% other; 2% unemployed; severe shortage of skilled labor; oversupply of unskilled labor
Organized labor: 2% of labor force

GOVERNMENT (Secret)

Capital: Guatemala City
Regional breakdown: 22 departments
Type: unitary republic
Branches: Traditionally dominant executive; elected unicameral legislature; 5-member supreme court
Government leader: President Julio Cesar Mendez Montenegro
Suffrage: Voting is obligatory for all literate citizens 18 years or older. It is optional for illiterate persons.
Significant exclusions from voting: Members of the armed forces on active duty, the police and those who are mentally disabled
Registered voters as percent of the population in 1966: 21.0% (937,470)
Abstention (1966): 417,174 (44.5% of registered voters)
Extent of fraud: Apparently very little in vote count
System of balloting: Presidential and vice-presidential candidates of the same party are paired. Separate ballots are used for the different offices.
Election laws on the whole encourage the multi-party system
Next National election March 1970
Political parties and leaders: Democratic Institutional Party (PID), Hector Menendez de la Riva; Revolutionary Party (PR), Julio Cesar Mendez Montenegro; National Liberation Movement (MLN), Mario Sandoval Alarcon
Voting strength: for president—PR 201,077 (44%), PID 146,085 (32%), MLN 110,145 (24%); for congressional seats—PR 30, PID 20, MLN 5
Communists: 1,200; sympathizers 3-4,000
Other political or pressure groups: Guatemalan Christian Democratic Party (DCG), Rene de Leon Schlotter; outlawed (Communist Party of Guatemala)

August 1966

SECRET/NO FOREIGN DISSEM

nist) Guatemalan Labor Party (PGT), Bernardo Alvarado (in exile); Guatemalan Social Party (PSG), Jorge Lucas Caballeros; National Reformist Movement (MNR), Jose Luis Cruz Salazar
Member of: UN OAS, CACM

ECONOMY (U)

GNP: (est. 1965) \$1.4 billion, an increase of 7% over 1964; \$318 per capita
Rate of inflation: negligible
Agriculture: coffee, cotton, bananas; imports some beef, wheat, fats, and dairy products
Major industries: foodstuffs, textiles, footwear, beverages, handicrafts
Electric power: 100,000 kw installed capacity (1964); 599 million kw-hr produced (1963); 146 kw-hr per capita
Exports 1965: \$185.9 million FOB: coffee, 50%; cotton, 19%; bananas, 1%; (others no change)
Imports 1965: \$240 million CIF (est.): (no change in items)
Imports from US 1964: \$89.8 million CIF (45% of total)
Exports to US 1964: \$82.8 million FOB (48% of total)
Trade/aid: 1965 trade imbalance of \$30 million (FOB basis) largest since 1958; \$5.9 million in AID assistance in 1964
Trade: exports and imports—all to non-Communist countries
Aid: economic aid extensions (FY 1946-65) from US and international organizations—loans US\$84.5 million;—grants US\$143.4 million
Exchange rate: 1 quetzal = US\$1 (official)
Fiscal year: Jan.-Dec.

COMMUNICATIONS (Confidential)

Railroads: 572 mi., all narrow gage; 95% privately owned
Highways: 7,575 mi.; 930 mi. paved, 5,075 mi. otherwise improved, 1,570 mi. unimproved
Freight carried: rail (1960)—191.8 million ton/miles, 1.1 million tons
Ports: 2 principal (Puerto Barrios, Matias de Galvez), 2 secondary, 1 minor
Merchant marine: 2 ships (1,000 GRT or over) totaling 3,629 GRT, 5,400 DWT; includes 2 cargo
Airfields: 352 total, 292 usable; 3 with permanent-surface runways; 1 with runway 8,000-11,999 ft.; 14 with runways 4,000-7,999 ft.; 1 seaplane station
Civil air: 11 major transport aircraft

SECRET/NO FOREIGN DISSEM

Guatemala - 7

SECRET/NO FOREIGN DISSEM

August 1966

Telecommunications: fairly modern in Guatemala City but outside are inadequate; excellent international radio communications; country-wide radio broadcast; 20,000 telephones

DEFENSE FORCES (Secret)

Personnel: army 8,620, navy 140, air force 93

Major ground units: 380-man Presidential Guard, 4 brigades, 4 battalions, 1 airborne company

Ships: 1 patrol escort, 4 patrol craft, 1 floating workshop, 1 aircraft reserve vessel

Aircraft: 40 (8 jet, 30 prop, 2 helicopter)

Supply: dependent primarily on US, some Polish equipment

Military budget: for fiscal year ending 31 Dec. 1965, \$14,338,000; about 9% of proposed total budget

US missions: army, air

US military aid: \$2.4 million in FY 1963; \$7 million total between 1955-63

Percentage of national budget: 8.4%

RELATIONS WITH COMMUNIST COUNTRIES (U)

None

National Intelligence Survey (NIS) Material

The following sections of the NIS are relevant:

NIS Area 71 (Guatemala)

GENERAL SURVEY (Aug 65) and the following specialized sections:

Sec 20 Introduction-Military Geography Apr 58

Sec 21 Military Geographic Regions Feb 58

Sec 23 Weather and Climate May 57

Sec 24 Topography Oct 57

Sec 25 Urban Areas May 57

Sec 31 Railway Jan 59

Sec 35 Ports and Naval Facilities Apr 56

Sec 37 Civil Air Jun 60

Sec 38 Telecommunications Sep 58

Sec 41 Population Apr 53

Sec 42 Characteristics of the People Feb 54

Sec 43 Religion, Education, and Public Information Jan 53

Sec 44 Manpower Apr 61

Sec 45 Health and Sanitation Mar 61

8 - Guatemala

SECRET/NO FOREIGN DISSEM

August 1966

SECRET/NO FOREIGN DISSEM

Sec 51 The Constitutional System Jun 58
Sec 52 Structure of the Government Sep 59
Sec 53 Political Dynamics Mar 59
Sec 54 Public Order and Safety Feb 60
Sec 55 National Policies Jun 62

Sec 57 Subversion Jan 66
Sec 58 Propaganda May 57
Sec 61 Agriculture, Fisheries, and Forestry Jul 57
Sec 62 Fuels and Power Jul 57
Sec 63 Minerals and Metals Jun 56
Sec 64 Manufacturing and Construction Jan 56
Sec 65 Trade and Finance Jun 55
Sec 91-94 Map and Chart Appraisal Aug 56
Gazetter Oct 65

Map

The best available general reference map is: Texaco; *Guatemala*;
1:1,175,000; 1964

SECRET/NO FOREIGN DISSEM

Guatemala — 9

